



DONALD L. WOLFE, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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ALHAMBRA, CALIFORNIA 91803-1331
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ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

May 22, 2007

IN REPLY PLEASE

REFER TO FILE: **WW-3**

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**PUBLIC HEARING FOR PROPOSED WATER RATE RESTRUCTURING AND
INCREASE FOR THE MARINA DEL REY WATER SYSTEM
SUPERVISORIAL DISTRICT 4
3 VOTES**

**IT IS RECOMMENDED THAT YOUR BOARD AFTER THE PUBLIC HEARING
ACTING AS THE GOVERNING BODY OF THE MARINA DEL REY WATER SYSTEM:**

1. Determine whether a majority protest exists against the proposed new service charge and water rate increase. If a majority protest exists, deny the proposed new service charge and water rate increase and refer the matter back to Public Works. If there is no majority protest against the proposed new service charge and water rate increase, adopt the enclosed Resolution (Attachment A) approving the proposed water rate restructuring and increase for the Marina del Rey Water System (Marina Water System).
2. Find that the proposed water rate restructuring and increase are for the purpose of meeting operating expenses, purchasing supplies and equipment, meeting financial reserve requirements, and funding capital projects necessary to maintain service within existing service areas, and therefore, proposed water rate restructuring and increase are statutorily exempt from the California Environmental Quality Act.
3. Adopt the Amendments to the Rules and Regulations of the Los Angeles County Waterworks Districts (Attachment B) to reflect the above-referenced actions.

4. Instruct the Director of Public Works or his designee to review the water rates and charges on January 1 of every year and make a recommendation to your Board to adjust the water rates and charges accordingly.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to restructure and increase the Marina Water System's water rates to fund operation and maintenance costs and capital improvement projects.

The proposed rate restructuring splits the existing quantity charge into a service charge and a quantity charge. The proposed new service charge is needed to cover fixed costs such as: meter reading, water quality testing and monitoring, customer billing, and water system maintenance. The service charge will be \$2.12 per month per Water Demand Factor (WDF) that is based on the ratio of a customer's average historical water demand to the average total water demand in the Marina Water System over a three year period. The WDF will be calculated yearly and, if needed, adjusted accordingly. The quantity charge will be reduced from \$1.60 to \$1.56 per hundred cubic feet of water used. The quantity charge will cover the cost of purchasing water from the West Basin Municipal Water District including a 5 percent increase on January 1, 2007.

In addition, we propose to increase the existing Surcharge for the Accumulative Capital Outlay Fund (Surcharge) from \$0.95 to \$1.10 per hundred cubic feet of water. This Surcharge pays for cost to replace and upgrade the backbone of the water system. The Surcharge was last increased in 1998. The Construction Cost Index for the Los Angeles Region has increased by 29 percent, as reported by the Engineering News Record, as compared to our proposed surcharge increase of 16 percent.

The overall rate increase will range from 14 to 29 percent with 97 percent of customers' monthly bills increasing by 19 percent or less. A typical monthly bill will be increased from \$614.08 to \$727.32.

On February 14, 2007, we met with approximately 30 members of the Marina Lessees Association to discuss the proposed water rate restructuring and increase and addressed the members' questions. There was no opposition to these proposed rate increases.

On March 15, 2007, and April 6, 2007, we mailed notices to each of the Marina Water System's customers notifying them of the required protest hearing scheduled during

your Board's public hearing on May 22, 2007 (Attachments C and D). As of the date of the filing of this letter, we have not received any verbal or written opposition.

Implementation of Strategic Plan Goals

These actions are consistent with the County Strategic Plan Goals of Fiscal Responsibility and Service Excellence. The additional funding is needed for the operation and maintenance expenses of the Marina Water System and construction of capital improvement projects.

FISCAL IMPACT/FINANCING

There will be no impact to the County's General Fund.

The water rate restructuring and increase will generate an additional annual revenue of approximately \$204,000 for the Marina Water System's General Fund N58 in Fiscal Year 2007-08. The increase in the Surcharge will generate an additional annual revenue of approximately \$101,000 for the Marina Water System's Accumulative Capital Outlay Fund N59 in Fiscal Year 2007-08.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Your Board is authorized to restructure and increase the water rates pursuant to Section 55501 of the Los Angeles County Waterworks District Law, Water Code Section 55000, et. seq. Adoption of this Resolution will revise the Rules and Regulations of the Los Angeles County Waterworks Districts adopted pursuant to Section 55333 of the Los Angeles County Waterworks District Law.

Consistent with the requirements of Sections 66016 and 6062a of the Government Code, the fee increase may only be ordered after a public hearing. These Code Sections also require that notice of the hearing be mailed to all interested parties who file a written request for such and that the notice of the time and place of the hearing be published two times in a newspaper of general circulation within a ten-day period with at least five intervening days.

County Counsel has reviewed and approved the proposed Resolution and Notice of Hearing as to form.

In compliance with Proposition 218, on April 6, 2007, we mailed a notice to each of the Marina Water System's customers notifying them of the required protest hearing scheduled during your Board's public hearing on May 22, 2007 (Attachment D).

The Honorable Board of Supervisors
May 22, 2007
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ENVIRONMENTAL DOCUMENTATION

These actions and the proposed Resolution amending the Rules and Regulations of the Los Angeles County Waterworks Districts are to fund operation and maintenance expenses and capital projects within the existing service areas of the Marina Water System and are, therefore, exempt from California Environmental Quality Act pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273(a) of the California Environmental Quality Act Guidelines.

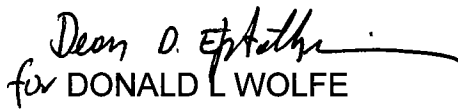
IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current County services or projects as a result of these actions.

CONCLUSION

Upon approval, please return one adopted copy of this letter and the Resolution to Public Works, Waterworks Division.

Respectfully submitted,


for DONALD L WOLFE
Director of Public Works

GE:jtz
BDL2279

Enc.

cc: Chief Administrative Office
County Counsel

ATTACHMENT A

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, ACTING AS THE GOVERNING BODY OF THE MARINA DEL REY WATER SYSTEM, APPROVING WATER RATE RESTRUCTURING AND INCREASE FOR THE MARINA DEL REY WATER SYSTEM

WHEREAS, the Los Angeles County Department of Public Works ("Public Works") operates, maintains, and improves the water distribution system that provides water service to customers in Marina del Rey, California (the "Marina Water System"); and

WHEREAS, Public Works purchases imported water supplies for the Marina Water System's customers; and

WHEREAS, Public Works also incurs costs to operate, maintain, and improve the Marina Water System (the "Water System Costs"); and

WHEREAS, the sole source of funding to offset the Water System Costs are through water sales; and

WHEREAS, the Water System Costs currently exceed the proceeds received from water sales; and

WHEREAS, the funding shortfall must be made up through increased water rates; and

WHEREAS, the current Marina Water System water rates are \$1.60 per hundred cubic feet of water used ("hcf") for operation, maintenance, and water purchases; and

WHEREAS, Public Works proposes to recover the operation and maintenance portion of the costs through a new monthly service charge of \$2.12 per Water Demand Factor that is based on historical water consumption; and

WHEREAS, Public Works proposes to decrease the current quantity charge from \$1.60 per hcf to \$1.56 per hcf to recover purchased water costs only; and

WHEREAS, the Construction Cost Index for the Los Angeles Region has increased by 29 percent since 1998, as reported by Engineering News Record; and

WHEREAS, the backbone Marina Water System needs to be upgraded and replaced; and

WHEREAS, increasing the current Surcharge for the Accumulative Capital from \$0.95 per hcf to \$1.10 per hcf will assist Public Works in funding the upgrade and replacement of the remaining portion of the Marina Water System within 5 years.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of the County of Los Angeles, acting as the governing body of the Marina Water System, does hereby approve the water rate restructuring and increase and adopt the Amendments to the Rules and Regulations of the Los Angeles County Waterworks Districts (Attachment B) to become effective 30 days or later after approval of this Resolution.

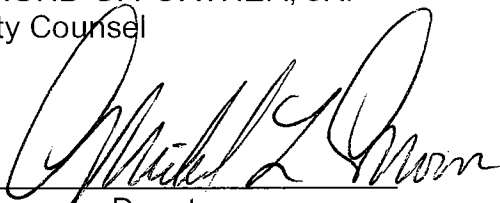
The foregoing Resolution was on the ____ day of _____, 2007, adopted by the Board of Supervisors of the County of Los Angeles acting as the governing body of the Marina del Rey Water System.

SACHI A. HAMAI
EXECUTIVE OFFICER OF THE
BOARD OF SUPERVISORS OF
THE COUNTY OF LOS ANGELES

BY _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By  _____
Deputy

ATTACHMENT B

SECTION 1. Rules 2-A-24a through 2-A-24c of Part 2 of the Rules and Regulations of the Los Angeles County Waterworks Districts are hereby amended as follows:

2-A-24 MARINA DEL REY WATER SYSTEM

2-A-24a WATER SOLD TO CUSTOMERS WITHIN THE MARINA DEL REY WATER SYSTEM:

RATE SCHEDULE 8001

QUANTITY CHARGE for each 100 cubic feet of water used in a month is

~~From July 23, 1998 through June 30, 1999 — \$1.47~~

~~From July 1, 1999 through June 30, 2000 — \$1.55~~

Beginning July 1, 2000 2007 ~~\$1.60~~ \$1.56

SERVICE CHARGE for each water service is \$2.12 per month per Water Demand Factor (WDF). The calculated WDF for a customer's service charge is based on the annual average of the customer's historical water use in the prior three years relative to the annual average water demand in the Marina del Rey Water System over the same period. The WDF will be calculated annually, and, if needed, adjusted accordingly.

2-A-24b WATER SOLD TO CUSTOMERS OUTSIDE THE MARINA DEL REY WATER SYSTEM FOR EMERGENCIES:

RATE SCHEDULE 8002

Water sold to customers outside the Marina del Rey Water System for emergencies will be billed to the customer at 1.5 times the quantity charge indicated in Rule 2-A-24a.

2-A-24c SURCHARGE FOR THE MARINA DEL REY ACCUMULATIVE CAPITAL OUTLAY FUND:

A rate of ~~\$0.95~~ \$1.10 per 100 cubic feet for all water sold.

ATTACHMENT C

NOTICE OF A PROPOSED WATER RATE RESTRUCTURING AND INCREASE FOR THE MARINA DEL REY WATER SYSTEM

On February 14, 2007, staff from the Los Angeles County Waterworks Districts met with representatives of the Marina Lessees Association to discuss a proposed water rate restructuring and rate increase. The rate will be restructured into two components: 1) a flat rate service charge to offset operation and maintenance expenditures; and 2) a quantity charge to offset costs to purchase water from West Basin Municipal Water District. The service charge will be \$2.12 per month per water demand factor, which is based on the ratio of the customer's historical water demand to the total water demand for the Marina. The existing quantity charge will be reduced from \$1.60 to \$1.56 per hundred cubic feet of water used. The existing Surcharge for Construction Facilities will be increased from \$0.95 to \$1.10 per hundred cubic feet of water used to fund the construction of Phases 2 and 3 of the backbone water system.

The Los Angeles County Board of Supervisors has scheduled a public hearing for this matter on **Tuesday, May 22, 2007, at 9:30 a.m.**, in the Hearing Room of the Board of Supervisors, Room 381B, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles California 90012. Notice of the public hearing will be published in a local newspaper during the two weeks preceding the date of the hearing. Written comments may also be submitted one week prior to the above public hearing date by mail to the Los Angeles County Department of Public Works, Waterworks Division, 900 South Fremont Avenue, Alhambra, California 91803-1460.



Upon 72 hours notice, the Districts can provide program information and publication in alternate formats or make other accommodations for people with disabilities. In addition, program documents are available at our main office in Alhambra (900 South Fremont Avenue), which is accessible to individuals with disabilities. To request accommodations ONLY, or for more ADA information, please contact our departmental ADA Coordinator at (626) 458-4081 or TDD (626) 282-7829, Monday through Thursday, from 7:00 a.m. to 5:30 p.m.

Si no entiende está noticia ó si necesita mas información, favor de llamar al numero (626) 300-3308.

ATTACHMENT D

NOTICE OF A PROPOSED WATER RATE RESTRUCTURING AND INCREASE FOR THE MARINA DEL REY WATER SYSTEM

This notice is to inform Marina Del Rey Water System customers of a proposed water rate restructuring and rate increase. The rate will be restructured into two components: 1) a flat rate service charge to offset operation and maintenance expenditures; and 2) a quantity charge to offset costs to purchase water from West Basin Municipal Water District. The service charge will be \$2.12 per month per water demand factor, which is based on the ratio of the customer's historical water demand to the total water demand for the Marina. The existing quantity charge will be reduced from \$1.60 to \$1.56 per hundred cubic feet of water used. The existing Surcharge for Construction Facilities will be increased from \$0.95 to \$1.10 per hundred cubic feet of water used to fund the construction of Phases 2 and 3 of the backbone water system.

The total rate increase for each customer including the new service charge, quantity charge adjustment, and Surcharge will range from 14 to 29 percent with 97 percent of the customers experiencing an increase of 19 percent or less. For Fiscal Year 2007-08, the increase in water rates will generate additional annual revenue of approximately \$204,000 in water sales for the Water System's General Fund. The increase in the Surcharge will generate additional revenue of about \$101,000 in water sales for the Accumulative Capital Outlay Fund for Fiscal Year 2007-08.

The Los Angeles County Board of Supervisors has scheduled a public hearing to consider any protests on this matter for **Tuesday, May 22, 2007, at 9:30 a.m.**, in the Hearing Room of the Board of Supervisors, Room 381B, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles California 90012. At the public hearing the Los Angeles County Board of Supervisors will consider all protests against the proposed fee or charge. If written protests against the proposed fee are presented by a majority of the owners of parcels receiving service, the Los Angeles County Marina Del Rey Water System will not impose the fee or charge. Notice of the public hearing will be published in a local newspaper during the two weeks preceding the date of the hearing. Written comments may also be submitted one week prior to the above public hearing date by mail to the Los Angeles County Department of Public Works, Waterworks Division, 900 South Fremont Avenue, Alhambra, California 91803-1460.



Upon 72 hours notice, the District can provide program information and publication in alternate formats or make other accommodations for people with disabilities. In addition, program documents are available at our main office in Alhambra (900 South Fremont Avenue), which is accessible to individuals with disabilities. To request accommodations ONLY, or for more ADA information, please contact our ADA Coordinator at (626) 458 4081 or TDD (626) 282-7829, Monday through Thursday, from 7:00 a.m. to 5:30 p.m.

Si no entiende está noticia ó si necesita mas información, favor de llamar al numero (626) 300-3308.

**INSTRUCTION SHEET FOR PUBLISHING
LEGAL ADVERTISEMENTS**

TO: Executive Officer
Board of Supervisors
County of Los Angeles

FROM: Department of Public Works
Waterworks Division

**NOTICE OF HEARING
PROPOSED WATER RATE RESTRUCTURING AND INCREASE FOR
MARINA DEL REY WATER SYSTEM**

Publishing

That the Executive Officer of the Board of Supervisors shall cause notice of the public hearing, in the form and manner specified in Sections 66016 and 6062a of the Government Code, to be published once a week for two consecutive weeks in the Argonaut, a local newspaper published and circulated in Marina del Rey, which is hereby designated for that purpose, and such publication shall be completed not less than ten days prior to the date of said hearing.

Forward five reprints of the attached advertisement to the County of Los Angeles Department of Public Works, Waterworks Division, P.O. Box 1460, Alhambra, California 91802-1460.

Should there be any questions regarding this matter, please contact Mr. Greg Even of this office at (626) 300-3331, Monday through Thursday, 7 a.m. to 5:15 p.m.

**NOTICE OF PUBLIC HEARING FOR
PROPOSED WATER RATE RESTRUCTURING AND INCREASE FOR THE
MARINA DEL REY WATER SYSTEM**

The Los Angeles County Board of Supervisors will hold a public hearing on May 22, 2007, at 9:30 a.m., in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012, in the matter of adopting a Resolution to approve water rate restructuring and increase for the Marina del Rey Water System.

The rate will be restructured into two components: 1) a flat-rate service charge to offset operation and maintenance expenditures; and 2) a quantity charge to offset costs to purchase water from West Basin Municipal Water District. The service charge will be \$2.12 per month per Water Demand Factor that is based on the ratio of a customer's average historical water demand to the average total water demand in Marina del Rey over a three year period. The quantity charge will be reduced from \$1.60 to \$1.56 per hundred cubic feet of water used. The existing Surcharge will be increased from \$0.95 to \$1.10 per hundred cubic feet of water used to fund the construction of Phases 2 and 3 of the backbone water system.

The Board of Supervisors will consider and may approve these actions as recommended by Director of Public Works. For information on water rate schedules for specific service areas or for any other information regarding this matter, please call (626) 300-3331.

Information regarding the justification for the water rate restructuring and increase will be available ten days prior to the date of the public hearing.

Para mas informacion en relacion a esta noticia, favor de llamar al numero (626) 300-3314. Nuestra horas de oficina son de 7:00 a.m. A 5:45 p.m., de lunes a jueves.